

**Chiltern District Council  
Customer Services Policy Advisory Group**

04 July 2017

<b>SUBJECT:</b>	<i>Review of Council Tax Support Scheme 2016/17</i>
<b>REPORT OF:</b>	<i>Customer Services Portfolio Holder</i>
<b>RESPONSIBLE OFFICER</b>	<i>Nicola Ellis, Head of Customer Services</i>
<b>REPORT AUTHOR</b>	<i>Nicola Ellis - nellis@chiltern.gov.uk</i>
<b>WARD/S AFFECTED</b>	<i>All</i>

## 1. Purpose of Report

This report considers the continuing impact of the new Council Tax Support scheme which was introduced on 1<sup>st</sup> April 2014. This report includes analysis of claims for Council Tax Support, actions taken to collect the Council Tax from people affected and also the amounts of Council Tax outstanding as at 31 March 2017.

## Summary

- The amount paid during 2016/17 in Council Tax support was £3,510,872.41;
- This was split £1,689,283.05 Working Age (over which the council have some influence), and £1,821,589.35 Pension Age (subject to national scheme);
- The total number of households paid during the year was 4,875. A decrease in the caseload of 1.27%;
- The Working Age caseload fell by 45 (-2%) to 1,551, and the percentage requiring further action against them before payment was made was 46% (720)
- Similarly, the number of pensioner households fell by 116 (-6%) to 1,813, and the percentage requiring further action against them before payment was made was 6% (105)
- There has been a change in the protected working age caseload which has seen an increase by 98 (6%) to 1,511. The number needing further action against them before payment was made was 43% (664);
- £36,191 of the £75,000 budget for Discretionary Council Tax Support has been awarded to 119 customers;
- The council tax collection rate improved, increasing to an all-time record of 99.43%.

## 2. RECOMMENDATION

2.1 Customer Service PAG recommend that the current Council Tax Support scheme remain for the financial year 2017/18 with the impact of the scheme being reviewed following the end of the financial year 2018/19 in order to inform decisions in respect of the scheme for 2019/20.

### **3. Reason for Recommendation**

- 3.1 After the fourth year of operation of the scheme, the end of year position has changed again. There has been a decrease in the overall caseload, this is also reflected in the number of Housing Benefit recipients.
- 3.2 It is noted that the number of those in the protected group continues to increase and although this group has seen an increase in arrears, the overall fall in live caseload has resulted in a reduction in recovery action. It appears that the majority of customers affected by the changes have been able to maintain their payments.
- 3.3 Housing Benefit regulation changes to the Family Premium, 4 weeks temporary absence and limiting backdating to one month has resulted in a slight variance between the two schemes from 1<sup>st</sup> May 2016. However, as these restrictions have not been applied to the CTRS scheme, it has not caused any issues or increased arrears.
- 3.4 Backdating of Council Tax Support was removed from the Chiltern scheme in 2013/14. There is the Discretionary CTRS fund which has been used to good effect where good cause for a late claim has been accepted.
- 3.5 The next phase of Universal Credit is Full Service in June 2018. However, there is no immediate action being taken to migrate the remaining Housing Benefit caseload to Universal Credit. When this does happen we could seek to align the Council Tax Support schemes with rules on self-employed minimum earnings, migrants access to benefits, living wage rates and include the carer component into our protected scheme.
- 3.6 It would be prudent and beneficial to align the schemes across the shared service in order to take advantage of joint working, and so as South Bucks have no plans to change their scheme as yet, it would be wise to delay any changes at this time.

### **4. Discussion**

#### **Introduction**

- 4.1 As part of the Welfare Reform Act 2012 the Government introduced legislation to abolish the national Council Tax Benefit from April 2013 and replace it with locally determined schemes whereby financial support towards paying Council Tax would be by way of discounts awarded by the Council.
- 4.2 In April 2013 this Council introduced a scheme which replicated the previous national scheme, so in the first year of implementation, claimants would not experience any change to their basic level of award. This policy would allow

**Chiltern District Council  
Customer Services Policy Advisory Group**

**04 July 2017**

the Council to research and discuss in more detail any possible changes in the scheme in future.

4.3 In April 2014, following detailed discussion and consultation, the Council introduced its revised scheme, the key elements of which were:

- Maximum entitlement for working age claimants at 80% of Council Tax liability;
- Maximum entitlement based on a band D property;
- Customers with a disability, caring for someone with a disability or with responsibility for a child who is disabled, would have the 80% maximum restriction lifted but would be restricted to 90% instead;
- The 90% maximum would also apply to lone parents with a child under 5;
- A 25% disregard would apply to all net earned income;
- Voluntary payments, widow's payments, student loans and child maintenance would in future no longer be disregarded in calculating income.

4.4 Claimants of State Pension age are protected from these changes and remain eligible for a maximum 100% reduction subject to individual circumstances.

**Impact of Changes**

4.5 There has still been very little negative feedback, only one official complaint has been recorded since the scheme came into operation and one formal appeal has been made and is awaiting a hearing, although that is to do with whether someone lives in a property or not and so is not per se an appeal against the content of the scheme.

4.6 The revised scheme raised some concern about how the changes would impact on the collection of Council Tax. However, the percentage in-year collection has increased as the case load has fallen. In the main due to working age customers moving into work due to the pressures applied by other welfare reforms and wealthier pensioners entering retirement.

**Table 1 - Council Tax Support awarded each year and collection rates**

2013/14	2014/15	2015/16	2016/17
£4,215,435	£3,672,733	£3,505,880.60	£3,510,872.41
99.27%	99.30%	99.36%	99.43%

**Chiltern District Council  
Customer Services Policy Advisory Group**

04 July 2017

4.7 The following tables show the comparison between the number of claimants for Council Tax Support in 2015/16 and 2016/17.

**Table 2 - Total claims for Council Tax Support by Band in 2016/17**

Band	Working Age 16/17	Working Age 15/16	Protected 16/17	Protected 15/16	Pension Age 16/17	Pension Age 15/16	Total 16/17	Total 15/16
A	55	62	64	53	74	82	193	197
B	374	391	420	416	309	332	1103	1139
C	598	650	605	595	582	601	1785	1846
D	353	380	316	311	515	538	1184	1229
E	111	116	71	69	192	215	374	400
F	33	37	26	27	91	105	150	169
G	27	26	9	7	49	55	85	88
H	0	0	0	0	1	1	1	1
Total	1551	1662	1511	1478	1813	1929	4875	5069

4.8 The total number of claimants in 2013/14 was 5,082, in 2014/15 4,882, in 2015/16 5,069 and 4,875 in 2016/17. We have seen similar fluctuations in the Housing Benefit caseload, and can be explained by the role out of wider welfare reforms such as Universal Credit, and national growth in disabled persons, due to conditions like diabetes. There were 111 fewer working age claimants in 2016/17, and 116 fewer pension age claimants. We have seen many customers lose their entitlement under the new rules on commencing work and those who leave work on retirement, rely much less on state benefits than 2 or 3 generations past.

4.9 The most significant factor in this table is the continued rise in the number of claimants in the 'protected' group; as predicted these are the accounts which present most problems in terms of collection.

**Chiltern District Council  
Customer Services Policy Advisory Group**

04 July 2017

**Table 2 - Debt recovery stage reached by claimants including those that have paid**

Stage	Working Age 2016/17	Working Age 2015/16	Protected 2016/17	Protected 2015/16	Pension Age 2016/17	Pension Age 2015/16	Total 2016/17	Total 2015/16
Committal	0	0	0	0	0	0	0	0
Tracing	0	0	0	0	0	0	0	0
Returned from EA	7	9	10	9	0	1	7	19
Enforcement Agent (Bailiff)	108	119	66	73	7	8	181	200
Attachment to Earnings	32	41	16	11	0	0	48	52
Attachment to Benefit	27	38	56	58	2	1	85	97
Insolvency	0	0	0	0	0	0	0	0
Liability Order	71	81	45	40	8	3	124	124
Summons	46	59	68	53	7	8	121	120
Final notice	252	239	242	247	22	31	516	517
2nd Reminder	0	77	0	63	0	15	0	155
1st Reminder	177	141	160	174	59	72	396	387
Total at recovery stage	<b>720</b>	<b>804</b>	<b>663</b>	<b>728</b>	<b>105</b>	<b>139</b>	<b>1478</b>	<b>1671</b>
Demand notice stage	<b>831</b>	<b>858</b>	<b>848</b>	<b>750</b>	<b>1708</b>	<b>1790</b>	<b>3387</b>	<b>3398</b>
<b>Total claimants</b>	<b>1551</b>	<b>1662</b>	<b>1511</b>	<b>1478</b>	<b>1813</b>	<b>1929</b>	<b>4865</b>	<b>5069</b>

4.10 Table 2 above shows the current status of recovery action that has been necessary in order to collect the amount due for every Council Tax Support claimant in either 2016/17 and 2015/16.

4.11 Ending the issue of 2nd reminders has not lead to an increase in those progressing to the more severe recovery stages, and combined with the introduction of text and e-mail reminders has led to an increase in in-year collection.

4.12 We currently have fewer customers with the Enforcement Agents and with attachments to earnings and benefits.

**Table 3 - Amount of Council Tax outstanding**

	Working Age	Protected	Pension Age	Total
2016/17	£65,723	£32,877	£2,676	£101,276
2015/16	£88,020	£41,901	£2,441	£132,362

4.13 Table 3 is a summary of the total Council Tax outstanding in respect of the financial years 2016/17 compared with the same point last year. It presents the total arrears outstanding at any stage as at the extraction date.

**Table 4 – Amount of Council Tax outstanding at June 2017**

	Customers	Total owed
2016/17	316	£101,276
2015/16	261	£99,939
2014/15	284	£74,973

4.14 Table 4 shows the number of individual customers with an outstanding balance being recovered by some method as at June 2017.

**Chiltern District Council  
Customer Services Policy Advisory Group**

04 July 2017

**Table 4a - Analysis of CTS claimants with CT debt outstanding from 2014 at June 2017**

Stage	Working Age claims	£	Protected claims	£	Pension Age claims	£	Total	Total £
Committal	7	7,782.84	0	-	0	-	7	<b>£7,782.84</b>
Returned from EA/Tracing	38	12,368.44	8	2,343.16	0	-	46	<b>£14,711.60</b>
Enforcement Agent	45	17,906.44	17	6,426.61	1	101.56	63	<b>£24,434.61</b>
Attachment to Earnings	9	4,973.24	0	-	0	-	9	<b>£4,973.24</b>
Attachment to Benefit	23	7,120.31	14	3,856.84	0	-	37	<b>£10,977.15</b>
Liability Order	9	3,821.06	4	1,749.71	1	290.77	14	<b>£5,861.54</b>
Summons	4	1,152.65	0	-	0	-	4	<b>£1,152.65</b>
Final notice	5	2,171.99	1	105.22	1	147.02	7	<b>£2,424.23</b>
2nd Reminder	0	-	0	-	0	-	0	<b>£0.00</b>
1st Reminder	1	69.26	2	96.02	0	-	3	<b>£165.28</b>
Demand notice stage	93	2,311.57	1	178.41	0	-	94	<b>£2,489.98</b>
<b>Outstanding at June 2017</b>	<b>234</b>	<b>£59,677.80</b>	<b>47</b>	<b>£14,755.97</b>	<b>3</b>	<b>£539.35</b>	<b>284</b>	<b>£74,973.12</b>

**Table 4b - Analysis of CTS claimants with CT debt outstanding from 2015 at June 2017**

Stage	Working Age claims	£	Protected claims	£	Pension Age claims	£	Total	Total £
Committal	3	5,314.18	0	-	0	-	3	<b>£5,314.18</b>
Returned from EA/Tracing	28	11,535.25	12	2,227.70	0	-	40	<b>£13,762.95</b>
Enforcement Agent	64	27,061.93	37	12,471.02	2	2,512.88	103	<b>£42,045.83</b>
Attachment to Earnings	16	8,990.83	3	2,776.24	0	-	19	<b>£11,767.07</b>
Attachment to Benefit	13	3,835.33	20	3,845.62	0	-	33	<b>£7,680.95</b>
Liability Order	15	8,174.32	3	1,016.80	0	-	18	<b>£9,191.12</b>
Summons	5	516.31	1	17.86	0	-	6	<b>£534.17</b>
Final notice	14	3,385.11	7	1,129.68	1	1,071.93	22	<b>£5,586.72</b>
2nd Reminder	0	-	1	137.00	0	-	1	<b>£137.00</b>
1st Reminder	3	331.91	1	79.00	0	-	4	<b>£410.91</b>
Demand notice stage	9	1,511.14	3	1,997.13	0	-	12	<b>£3,508.27</b>
<b>Outstanding at June 2017</b>	<b>170</b>	<b>£70,656.31</b>	<b>88</b>	<b>£25,698.05</b>	<b>3</b>	<b>£3,584.81</b>	<b>261</b>	<b>£99,939.17</b>

**Chiltern District Council  
Customer Services Policy Advisory Group**

04 July 2017

**Table 4c - Analysis of CTS claimants with CT debt outstanding from 2016 at June 2017**

Stage	Working Age claims	£	Protected claims	£	Pension Age claims	£	Total	Total £
Committal	1	474.95	0	-	0	-	1	<b>£474.95</b>
Returned from EA/Tracing	5	4,411.88	4	1,097.69	0	-	9	<b>£5,509.57</b>
Enforcement Agent	47	26,417.90	39	11,237.23	2	308.85	88	<b>£37,963.98</b>
Attachment to Earnings	12	6,709.30	10	3,077.49	3	450.17	25	<b>£10,236.96</b>
Attachment to Benefit	11	3,975.36	35	7,812.91	0	-	46	<b>£11,788.27</b>
Liability Order	22	9,748.24	17	4,507.14	1	543.89	40	<b>£14,799.27</b>
Summons	2	288.81	3	925.77	1	566.59	6	<b>£1,781.17</b>
Final notice	31	7,951.95	12	1,527.17	1	115.63	44	<b>£9,594.75</b>
2nd Reminder	0	-	0	-	0	-	0	<b>£0.00</b>
1st Reminder	16	2,479.22	8	1,325.93	0	-	24	<b>£3,805.15</b>
Demand notice stage	18	3,265.34	13	1,366.10	2	690.51	33	<b>£5,321.95</b>
<b>Outstanding at June 2017</b>	<b>165</b>	<b>£65,722.95</b>	<b>141</b>	<b>£32,877.43</b>	<b>10</b>	<b>£2,675.64</b>	<b>316</b>	<b>£101,276.02</b>

**Table 5 – Amount of Council Tax Due**

	Working Age	Protected	Pension Age	Total
2016/17	£1,710,792	£1,101,217	£1,241,162	£4,053,171
2015/16	£1,397,501	£908,525	£1,471,053	£3,777,079

4.15 The end of year collection figure on Council Tax for Chiltern is 99.43% for all Council Tax payers. The total due after Council Tax support from those customers entitled in 2016/17 was £4,053,171. The collection to date represents a 96.48% collection return in respect of Council Tax Support claimants which is extremely good and higher than anticipated.

- 4.16 Tables 4a to 4c give a summary of the monetary value of Council Tax outstanding for the financial years 2014/15, 2015/16 and 2016/17 respectively.
- 4.17 There are 861 accounts with arrears. Some customers will owe debts for multiple years or may just have arrears from one of those years.
- 4.18 There are 530 customers who are or have received Council Tax support owing £276,188.31.
- 4.19 Tables 4a – 4c shows that as at June 2017:
- There are 276 Protected Working Age accounts with £73,331 arrears
    - 26.6% of the debt to collect
  - Working Age equal 569 accounts with £196,057 arrears
    - 71.0% of the debt to collect
  - There are 16 Pensioner accounts that owe £6,800
    - 2.4% of the debt to collect

### **Discretionary Council Tax Support Scheme**

5. At the end of March 2017 we had 119 customers who had received Discretionary Council Tax Support. This amounted to £36,190.83 of the £75,000 budget. We received 132 applications. Of these 6 were refused and 119 were assessed for an award of a Discretionary Council Tax Support award an average award of £235.26.
- 5.1 These awards have been made in line with the agreed policy. In the main they have been short term awards and have been used to support customers as they make adjustments to their lifestyles and budgets to enable them to pay the Council Tax. For example supporting customers as they make the transition back to work. Some claims have been made by customers in the protected groups such as disabled customers. In these cases we have used the application process as an opportunity to review their benefits and ensure that they are maximising their entitlement to disability benefits.

**Conclusion**

- 5.2 The general consensus was that with an 80% maximum entitlement (90% for vulnerable claimants) together with a Band D restriction there would be a lot of claimants who had previously received full 100% Council Tax Benefit now having to pay something towards their Council Tax. However, collection rates have improved.
- 5.3 In total, approximately 69.62% cleared their Council Tax balance without any further action from the Council.
- 5.4 This leaves 1,478 (30.38%) claimants against whom action has been taken, this was 1,671 (32.96%) in 2015/16.
- 5.5 Analysis of the working age customers only, shows 245 incurred costs and a Liability Order in 2016/17, compared to 288 in 2015/16. That represents as a percentage of the caseload 16% and 17% respectively.
- 5.6 Protected group numbers were 193 in 2016/17 compared to 191 in 2015/16 demonstrating that the protected group customers are struggling to clear their liability. The figures represent a consistent 13% of the protected group caseload.
- 5.7 As each year passes we are able to gain a deeper insight into customer reaction to the changes to the Council Tax Support scheme, and how they respond to their obligation to pay. These are the most vulnerable and less well-off Council Tax payers and it has been identified that it is prudent for the Council to be more proactive during the early stages of the recovery process when we send reminder notices. This could help prevent these cases advancing to the expensive debt enforcement stages at which they incur further costs, and it remains a challenge to differentiate the can't pay from the won't pay as inevitably there are those who neglect or refuse to pay.
- 5.8 The government's welfare reform agenda has resulted in a number of changes to the Housing Benefit scheme which the Revenues & Benefits Service is responsible for assessing and paying.

These changes include:

- Rollout of Universal Credit
- Carer Premium in protected scheme cases
- Migrants access to benefits
- Assumed income from Self-Employment
- Removal of the Family Premium
- Temporary absence

**Chiltern District Council  
Customer Services Policy Advisory Group**

**04 July 2017**

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- Limit to Child Premium for first two children

5.9 Despite these changes though the software is capable of calculating accurately both entitlement to Housing Benefit and Council Tax Support.

5.10 Other things to consider would be whether to adopt a discount scheme, rather than a rebate and re-introduce benefit periods. It would improve efficiency if these changes were adopted at a time in the future when proper consultation can be carried out and a timetable for migration to Universal Credit is known.

5.11 There is also a case for aligning the Chiltern and South Bucks schemes so that customers are dealt with consistently and fairly.

## **6. Consultation**

5.1 Consultation is not applicable at this point. However it should be noted that should the Council wish to make changes to the current Council Tax Support scheme for future years it would be necessary to complete a consultation exercise prior to adopting a new scheme.

## **7. Corporate Implications**

7.1 Financial – Council Tax is a primary source of finance to Chiltern District Council and preceptors. Changes made to the scheme have a financial implication as the Council is required to finance the scheme and also manage any impact on collection of Council Tax.

7.2 Legal – the Council has a statutory duty to deliver Council Tax Support scheme to support those residents who have difficulty in paying Council Tax.

## **8. Links to Council Policy Objectives**

8.1 This report links to the following objective:

- Delivering cost- effective, customer- focused services
- Working towards safe and healthier local communities

## **9. Next Step**

9.1 If the recommendation is accepted, Officers will produce another report at the end of financial year 2017/18 so that members can review the impact of the scheme after three years and agree if changes should be recommended.

<b>Background</b>	None
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**Chiltern District Council  
Customer Services Policy Advisory Group**

**04 July 2017**

<b>Papers:</b>	
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